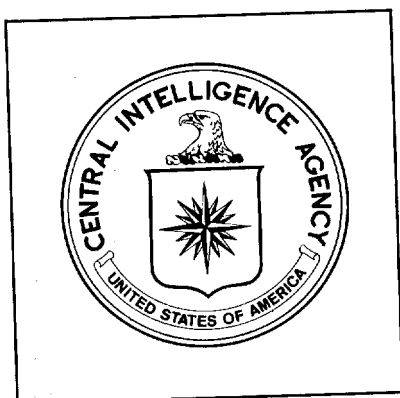


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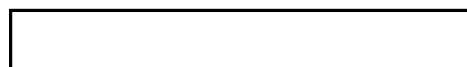
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Chinese Affairs

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CHINESE AFFAIRS

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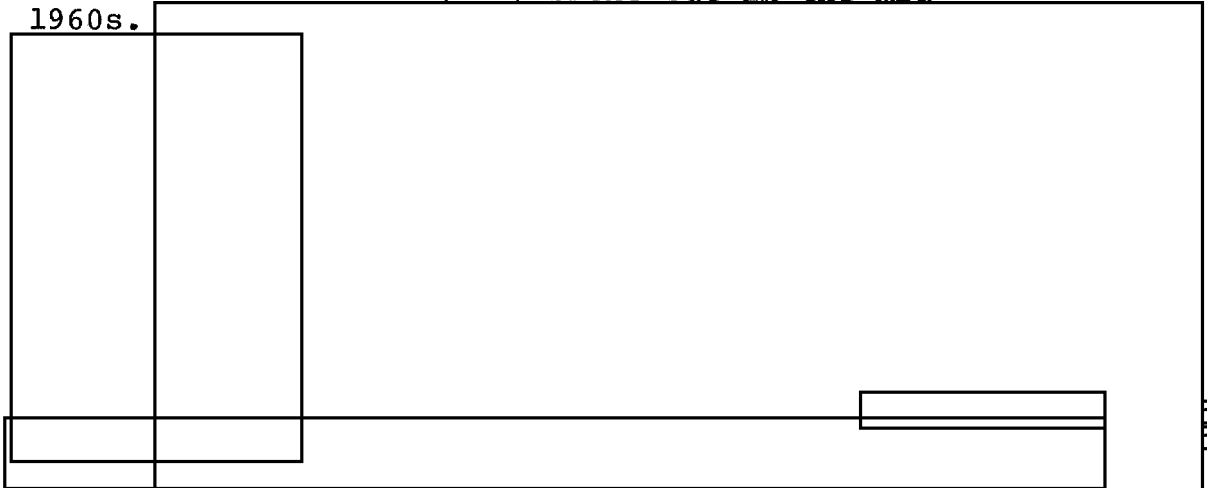
Mozambique: More Than a Foot in the Door

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While the Soviets have been squirming as a result of the limelight thrown on their military presence in Somalia, the Chinese have probably been taking quiet satisfaction from their increasingly solid position down the coast in newly independent Mozambique. The economic aid agreement signed by Chinese Minister of Communications Yeh Fei in Lourenco Marques on July 2 is hard evidence of the importance Peking attaches to its relationship with the new East African government: the agreement calls for an interest-free Chinese loan of \$56 million--a substantial amount for the Chinese--and may also include provisions for China to send technical advisers to Mozambique. The loan itself represents nearly half of all foreign aid committed to the new government in Lourenco Marques.

The Chinese have a mix of interests in Mozambique, not the least of which is to limit Soviet influence. Moscow and Peking have been competing in Mozambique since they began supplying military assistance to Samora Machel's movement (FRELIMO) after the armed insurgency broke out in the mid-1960s.

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[REDACTED]

From Peking's point of view, the stakes were certainly high enough, and Peking has clearly pulled further ahead of Moscow in recent months. The Chinese announcement of their intention to recognize the new government in Mozambique preceded by several months a similar announcement from Moscow, and the signing of the aid agreement on July 2 upstaged the presence of a high-powered Soviet delegation at independence ceremonies. All this apparently had its effect on the new government, which accepted the Chinese ambassador's credentials on June 28 but was still keeping the Soviet ambassador designate waiting as of the first week of July.

On a broader plane, the Chinese undoubtedly see their role in Mozambique as a means of increasing Peking's ability to influence the eventual outcome in southern Africa. Mozambique will play an important role in this regard: it provides a pool of labor for and shares a common border with white-ruled South Africa and Rhodesia and controls the latter's outlets to the sea. Peking seems to see armed struggle in the region as an emotional issue, which it can make use of, and is clearly unhappy over the current effort by Mozambique, Zambia, and Botswana to mediate between Salisbury and black Rhodesian nationalist groups. China can be expected to capitalize on its good relations with Mozambique's leaders to try to undercut such efforts at political compromise. Simultaneously, Peking will encourage Mozambique to cooperate and coordinate more closely with other black African states-- particularly Zambia and Tanzania--and with the various guerrilla organizations operating farther south.

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"Pro-Soviet" Attitudes in
China and the Succession

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Given the ill health and advanced age of both Mao and Chou, the recurrent indications of disunity among the Chinese leadership over the past decade, and the bitter attacks on shadowy persons prepared to "sell out" to or at least compromise with Moscow that punctuated last year's anti-Confucius campaign, it seems useful at this juncture to ruminate on some of the factors, internal and external, that might affect Chinese policy toward the Soviets in the immediate post Mao/Chou era.

Hints that there is a "pro-Soviet" clique within the military are tantalizing, but our current information is too scanty to identify positively any individual with this position. Propaganda during last year's anti-Confucius campaign, however, clearly linked sentiment for a less abrasive policy toward Moscow within the military to--unnamed--military region commanders. It is doubtful that all 11 commanders have been arguing for a softer policy toward the Soviets, but it seems reasonable to assume that those who are now in the most political trouble are the most likely advocates of such a change in policy.

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the military figures (whoever they were) who were arguing for a policy change may have been joined for a time last fall by some civilians. Again there are no specifics.

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it is possible that there may be sentiment for a less contentious Soviet policy within the foreign ministry. This is at least logical, if unprovable; present Chinese policy clearly limits Peking's diplomatic flexibility.

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In any event, the debate on Soviet policy may well have now moved to the back burner, although it probably has not been stilled for good. Mao (who is unequivocally anti-Soviet) is back in Peking, and recent Chinese attacks on Moscow have been unambiguous and vociferous. It is likely--although here again direct evidence is lacking--that Mao was able to make use of the final outcome of the Indochina war to reassert and reinforce his anti-Soviet policy. He seems to have argued that Moscow has the inside track in Hanoi, and that the Soviets now bid fair to achieve their putative objective of "surrounding" China (QED--he was right all along, and you cannot do business with Moscow).

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It is most unlikely, however, that even last summer and fall military elements or their presumed civilian allies were arguing for a complete rapprochement with Moscow. In this sense it is doubtful that there are any strictly "pro-Soviet" elements of any importance in China. Rather, those military men in favor of a policy change appear to have been calling merely for a less provocative stance vis-a-vis Moscow. A less abrasive posture would put less strain on the military establishment and give a greater opportunity to build for the future. As noted above, there are almost certainly some civilians who for their own reasons would find such an approach attractive.

Once Mao has passed from the scene it seems likely that a good number of important people, military and civilian, would be willing to give this approach a try. But a genuine and lasting rapprochement

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could almost certainly be achieved only on terms highly advantageous to Moscow--i.e., China's return to a subordinate position within a unified communist movement. After all, the Soviets hold most of the military cards, and they are probably unlikely to forgo pressing the advantages they would presume this would give them. Short, then, of a diplomacy of extraordinary finesse and restraint, which ordinarily do not characterize Soviet behavior, genuine Sino-Soviet rapprochement after Mao/Chou does not seem very likely.

In this post-succession situation the military man of greatest importance is likely to be Chen Hsi-lien, who, given his current posts, is already a very powerful figure. Chen's politics are even more ambiguous than that of most Chinese leaders. He was a law and order man in the Cultural Revolution, but appeared to play footsie with some of the "leftists" in the summer of 1973. He seems to have been criticized (by historical analogy) late in the anti-Confucius campaign for willingness to "compromise" with Moscow, but he may nevertheless retain enough anti-Soviet credentials to be acceptable to Mao. [REDACTED]

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[REDACTED] makes a strong case that Chen was useful to Mao and Chou in helping to precipitate the Sino-Soviet clashes of 1969--events which the two men used to manipulate domestic politics in their then incipient struggle with Lin Piao.

While Chen will probably be the most important single military figure in the immediate post Mao/Chou period, he does not "control" the PLA, nor is he likely to accumulate the power and prestige that were once in the hands of Lin and Lin's predecessor as defense minister, Peng Te-huai. Moreover, Chen will probably have to contend with Chang Chun-chiao, whose track record suggests that he does not have much love for the military establishment. Chang has not pronounced definitively on the Soviet issue, but there is no evidence that he has ever argued for a less contentious policy toward Moscow. [REDACTED]

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India: Stirring New Apprehensions

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From any angle, the Chinese can view recent developments in India only as a setback. The lingering question for China's policy makers is how much damage will be done ultimately. This will depend on the future course of events in India.

In terms of Sino-Indian bilateral relations, there is almost no prospect of any improvement until the situation in New Delhi becomes considerably more settled. There were a number of signs prior to Mrs. Gandhi's declaration of a national emergency which suggested that Peking was still interested in some degree of rapprochement.

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At present, Peking recognizes that New Delhi is preoccupied with internal matters, but the Chinese do not seem prepared to foreclose on the future entirely. This, in part, explains why Peking has tended to soft-pedal its criticism of Mrs. Gandhi's moves. Aside from a signed *People's Daily* article which sharply criticized the Prime Minister by name, the Chinese press has confined itself to relatively low level and infrequent treatment of events in India. In the past, when exercised, Peking has shown no hesitancy to deal critically with India's domestic affairs, but in this instance there seems to be a reluctance to even replay foreign press commentary.

At the same time, China's press treatment has clearly revealed apprehension about Moscow's efforts to capitalize on the situation. Peking is fearful that should Mrs. Gandhi's political position weaken,

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she might be tempted to rely more heavily on the Soviets for economic and military aid. India's granting the Soviets base rights as their part of the quid pro quo is Peking's nightmare.

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If Mrs. Gandhi is able to stay in power, even without Soviet help, Peking would almost certainly still feel its position has slipped. This is because the Chinese probably believe that democratic rule is not likely to be restored, and therefore the chances of Mrs. Gandhi leaving office are slim. Chinese leaders have strongly intimated in the past that Indian resistance to better relations with China stems from Mrs. Gandhi personally.

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This does not mean that the Chinese would prefer to see Mrs. Gandhi fall from power--at this point. Such a development could result in an Indian leadership even more detrimental to Chinese interests than the present one. But if Mrs. Gandhi were to drift closer to the Soviets, Peking would almost certainly want to see her removal from office.

The political crisis in India, unpalatable as it is for the Chinese, would be more digestible had it not come on the heels of the reopening of the Suez Canal and the fall of Vietnam. Peking strongly believes that these events have worked to the advantage of Moscow. The coincidence of these three developments almost certainly will reinforce China's feeling that it is being encircled by the Soviet Union.

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ECONOMIC NOTES

First Electrified Railway

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The strategic 417-mile rail line stretching from Pao-chi to Cheng-tu in southwest China has been converted to electric traction to overcome the capacity limitations imposed by rugged mountainous terrain. Inland and 625 miles from the east coast, this section is part of the line that links the USSR with western China and North Vietnam. The improvement in the line will ease the movement of large volumes of foodstuffs from the Szechwan rice basket to other parts of China as well as open up the mineral resources and expedite the industrial development of southwest China.

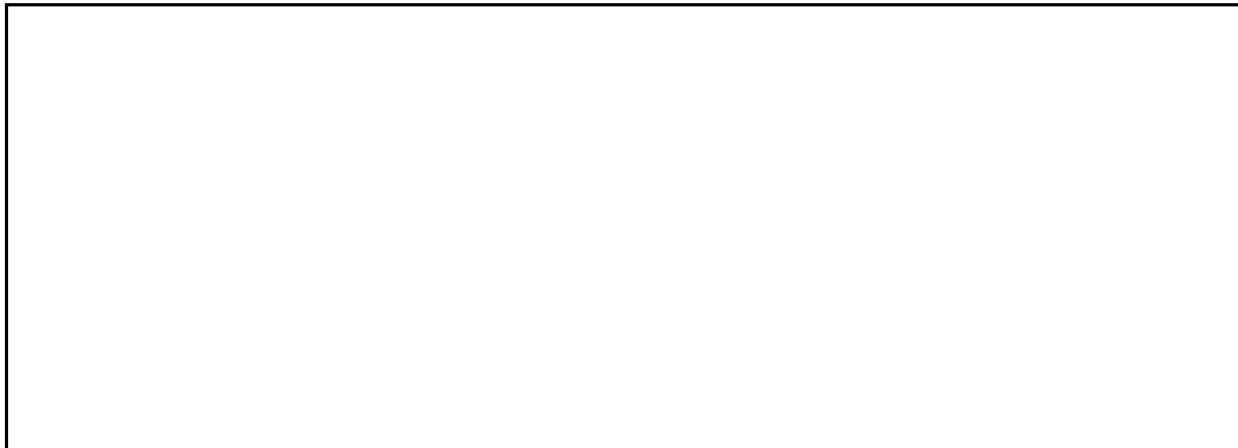
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Reduced Chartering

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China plans a 30 percent reduction in the number of its chartered ships by the end of this year. The growth of China's own international fleet and a decline in its seaborne foreign trade make the reduction possible. The China National Charter Corporation now charters nearly 300 ships, and is one of the world's largest.

Despite rapid expansion in the international fleet, chartered ships still carried more than half the total seaborne trade in 1974. Since annual chartering expenses have exceeded \$500 million--about 7 percent of the China's import bill last year--the proposed reduction in chartering should result in an improvement in China's foreign exchange position.

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New Pipeline Links Peking to Ta-ching Oil Fields

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Peking is now linked by pipeline with the large Ta-ching oil field 1,000 miles to the northeast, according to the New Chinese News Agency. The pipeline

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will assure the Peking area of a reliable, high volume supply of crude. It will also take pressure off the overworked railway system which until recently had moved most of the crude to ports for export and to domestic refineries.

The Chinese reportedly claim that they can transport 210,000 barrels of crude oil per day from the Ta-ching fields. This would use nearly 10 percent of China's total tank car fleet and would monopolize the rail system in the northeast. The new pipeline will relieve the taut transport situation in this area.

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CHRONOLOGY

July 3	Guinea-Bissau government delegation led by Commissioner of State for Foreign Affairs arrives in Peking. [REDACTED]	25X1
July 6	Ecuadorean government delegation led by the Minister of Industry, Commerce and Integration arrives in China. [REDACTED]	25X1
July 10	Zambian trade delegation arrives in China. [REDACTED] Angolan National liberation Front delegation arrives in Peking. [REDACTED]	25X1
July 11	Banquets marking 14th anniversary of China - North Korea friendship treaty held in Peking and Pyongyang. [REDACTED]	25X1
July 13-15	South Vietnamese Foreign Minister Nguyen Thi Binh stops over in Peking on return trip from Moscow to Saigon; visit hosted by Foreign Minister Chiao Kuan-hua. [REDACTED]	25X1
July 14	Tanzanian industry trade group arrives in China. [REDACTED] Vice Premier Li Hsien-nien meets with visiting Pakistani press delegation. [REDACTED]	25X1

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